

Department of Natural Resources

Division of Oil, Gas & Mining

ROBERT L. MORGAN Executive Director

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER

GAYLE F. McKEACHNIE
Lieutenant Governor

March 18, 2004

Ralph Simpson 929 North 2500 West Vernal, Utah 84078

Subject:

Changing Cash Reclamation Surety to a Certificate of Deposit, Homer &

Bart's Mine, S/047/078, Uintah County, Utah

Dear Mr. Simpson:

We have now received the \$5,000 check from the State Treasurers office which was posted as a cash reclamation surety bond for your Homer & Bart's small mine site. We are prepared to deposit the check into your account at Zions First National Bank; this deposit should be in place by early next week.

Enclosed is a CD cover letter which you need to sign and then take the cover letter to your bank and have them issue the \$5,000 CD listing you as the owner of the CD, but for the benefit of the State of Utah, Division of Oil, Gas and Mining and the School and Institutional Trust Lands Administration for the Homer & Bart's Mine, \$/047/078. I have enclosed a sample certificate that was made out by Wells Fargo Bank as a guideline for the bank to make out the certificate.

When the CD is completed, have the bank place the CD number on the 1st page of the cover letter, then return the original CD and original cover letter to us. We will then have the other signatures affixed and return a copy of the executed documents to you for your records.

Thank you for your help and patience in all this. It turned into quite an ordeal for all of us. If you have any further questions on this, please contact me at (801) 538-5291.

Sincerely,

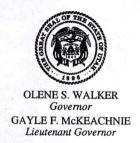
Joelle Burns Engineering Tech

Enclosure: CD cover letter & example CD

cc: John Blake, SITLA

 $O: \M047-Uintah\S0470078-Simpson\final\CD-ltr-03182004.doc$





State of Utah

DEPARTMENT OF NATURAL RESOURCES Division of Oil, Gas & Mining

ROBERT L. MORGAN Executive Director LOWELL P. BRAXTON Division Director

March 18, 2004

Zions First National Bank 3 West Main Vernal, Utah 84078 (435) 789-7082

Attention: Annette Pullin, Assistant Manager

Subject: Reclamation Surety, Certificate of Deposit for Ralph Simpson's Homer & Barts Mine Site,

S/047/078, Uintah County, Utah

Certificate of Deposit no. ______; Principal Amount \$5,000.00

This letter describes the mutually agreed upon instructions of the below signed parties to Zions First National Bank ("Bank"), regarding the control, redemption, and release of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the availability of reclamation funds for the Homer & Barts mine site ("Mine Site"), Uintah County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$5,000.00 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining ("Division") and the School and Institutional Trust Lands Administration ("SITLA") upon demand in the event that the operator of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

Ownership and Renewal:

Ownership of the CD is retained by Ralph Simpson, an individual, ("Owner"), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining, and SITLA and is subject to the terms and conditions described in this agreement. The CD shall automatically renew indefinitely until either redeemed or released by both the Director of the Division and the authorized officer of SITLA.



Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of both the Director of the Utah Division of Oil, Gas & Mining, and the authorized officer of SITLA to the Bank. Upon the instruction and demand of both the Director, and the authorized officer of SITLA, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil, Gas and Mining. Owner agrees and irrevocably instructs Bank that neither the Owner, nor any other person claiming an ownership interest in the CD which is derived from the Owner, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners control, or if Owner does not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only both the Director of the Division, and the authorized officer of SITLA may redeem the CD.

Release:

The bank shall release the CD only upon the written instruction of both the Director of the Division, and the authorized officer of SITLA to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owner, or their legal successors-in-interest.

Accrued Interest:

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner as the Owner may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$5,000.00. All tax liabilities for accrued interest shall remain the sole responsibility of the Owner.

Bank will not be held liable for any dispute between the parties.

Agreed Upon By:	
Utah Division of Oil, Gas & Mining	
By:Lowell P. Braxton, Director	Date:
Lowell P. Braxton, Director	
School and Institutional Trust Lands Administration	
By: Kevin Carter, Director	Date:
Kevin Carter, Director	
Ralph Simpson	
By:	Date:
Ralph Simpson, Owner/Operator SS Number:	
Zions First National Bank	
By: Annette Pullin Assistant Manger	Date:

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RECEIVED

FEB 2 6 2004

WELLS FARGO

Time Account Receipt/Disclosure

DIV. OF OIL, GAS & MINING

mlooil

Time Account number		Date epened 02/26/2004		60 months days	
melunty date		MI 64951 7814		Variable rate Annual percentage	
Your Time Account will mature on Interest will be paid	02/26/2009	3.15	x		3,20
EVERY 03 MONTHS AND AT WITH	DRAWAL				
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This is a receipt. It need not be presented at the time you obtain payment from the Bank.

02/25/2004 10:14 U0176 02865 Bank# 00119

W60168

Time Account Receipt/Disclosure



Time Account number		Date opened		Term of Time Account	
Maturity date		02/26/2004 Interest rate Fixed rate		Variable rate Apount corrections visit	
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FOR THE BENEFIT OF THE STATE OF UTAH DIVISION OF OIL GAS & MINING &U.S DEPT OF INTERIOR -BLM & UT CCHOOL AND INSTITUTIONAL TRUST LAND DAMES COMPANY-

MINE M/001/ Operators

02/26/2004 10:14 U0176 02865 Bank# 00119

This is a receipt. It need not be presented at the time you obtain payment from the Bank.

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Wells Fargo Bank

